Out of the woods

IQRAMUL HASAN

A wooden divan adorned with green velvet cushions is displayed at the Navana Furniture pavilion that catches visitors' eyes as they walk along on the17th day of the Dhaka International Trade Fair (DITF).

Leading furniture makers are showcasing their brand new products at colourful pavilions at DITF. Visitors are also glad to find a variety of home and office furniture displayed.

Md Mosleh Uddin, assistant sales manager of Partex, said they launched different furniture and around 80 percent are brand new. "These furniture pieces will be available at our Dhaka showrooms only after completion of the fair," he added.

Partex exhibits household and office furniture, kitchen décor and doors at its pavilion. Mosleh Uddin said the wooden bed is their top selling product at the fair, costing Tk 20,000. "We offered a flat discount of 20 percent on all furniture, unlike other companies who offered different discounts in separate categories," he added.

Mosleh Uddin said household items sell more than office items as visitors come to the fair with their families. Sabera Akter, a housewife from Mohammadpur, said she eagerly awaits the DITF to start to buy furniture for her home. She finds all the items to be reasonably priced.

Otobi, a market leader in home-made furniture, launched 100 new products at the fair, of which 70 percent are made of wood.

An Otobi official said the company is offering different discount rates on various products. Otobi put a 18 percent discount on wooden furniture, 20 percent on melamine board furniture, 10 percent on ship-metal furniture and 5 percent on other furniture.

Otobi's most popular item is the wooden bed, which costs between Tk 11,000 and Tk 70,000. On high prices of Otobi products, the official said the company could not lower the prices as it may reduce the quality of the products.

"Our dedicated research team spends a lot of time to come up with new designs that reflects the traditional furnishing with contemporary motifs," he added.

Beside its regular products, Otobi is showcasing kitchen appliances as well.

Shammi Akter, a university student, said Otobi's kitchen appliances are better-built than Chinese peers available in the market.

Arif Islam, who works for the Navana Furniture pavilion at DITF, said customer response is huge. "Within 17 days, we almost achieved 70 percent of sales target," he added.

Navana is also offering discounts on all furniture, ranging between 7 percent and 25 percent, depending on the product.

Islam said the wooden bed and sofa by Navana are the most popular items among customers. They can purchase the stylish divan by spending Tk 15,000 to Tk 16,000.

Hatil, with its own brands such as Hatil plus and Hatil door and furniture, is selling office and home furniture.

Mahbub Alam, an executive of Hatil, said the company is offering discounts on all products from 5 percent to 15 percent.

"We are also offering a one-year warranty on our furniture and five-year insect-free guarantee."

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Leaders in the furniture sector showcased their brand new products this year at colourful pavilions in DITF. Visitors are also satisfied to find a variety of home and office furniture, all in one place

AMRAN HOSSAIN

A stall attendant briefs a customer on her company's latest furniture at the pavilion of Navana Furniture at Dhaka International Trade Fair.

Supporting the sun

REUTERS, *Eberswalde, Germany*

CONTINUED FROM YESTERDAY

So far, Berlin's response has been more restrained, relying on European Union discussions with China to overcome the trade disputes. But "if such talks remain unsuccessful, the launch of a WTO dispute settlement can be considered," Jochen Homann, deputy German Economy Minister, said in a statement to a member of the German parliament who then passed it on to Reuters.

Every solar company in the world relies on some form of subsidy to build or sell its products. That's because solar electricity is still about eight times more expensive than power generated by coal-fired plants. The global solar industry only really began to take off when, about a decade ago, governments introduced subsidies for clean energy systems in an effort to trim their carbon dioxide output and reduce dependence on fossil fuels.

Germany's supports are generous -- an estimated 7.3 billion euros this year -- and have been so successful that Berlin started reducing payments for new solar plants last year, bringing forward by more than a year a decrease it already planned. The support comes indirectly, through so-called feed-in tariffs. Berlin doesn't pay solar panel makers directly, but forces larger utilities to pay the generators of solar power, including home-owners, more for each watt that comes from the sun. In the end, the cost for solar power -- currently about 28.74 euro cents per kilowatt hour (KWh), which is down about 27 percent since the beginning of 2010 -- is borne by all consumers. Because the subsidy goes to the person or company generating power, the issue of where the equipment is made is ignored.

The United States, too, subsidizes its solar industry. Last month Washington extended for a year a popular cash grant program that pays 30 percent of the development costs to build power plants that use solar modules. Crucially, that help is available to anyone building a solar power plant, irrespective of where the panels come from. U.S. companies also earn manufacturing tax credits for production facilities, and states and cities often waive taxes to lure manufacturers to set up operations.

The big difference with China, its solar critics say, is that Beijing helps only its own manufacturers -- who then send their panels around the globe to reap additional subsidies in other countries. Western companies also complain that foreign solar firms are locked out of bidding for projects inside China.

"While foreign manufacturers find the German market open, the Chinese domestic market has so far been walled off. Therefore, we're watching the (WTO) initiatives in the U.S. very carefully," says Carsten Koernig, managing director of BSW, the German solar industry association.

The USW complaint blames China's aid to its solar industry for a creating a supply glut which drove down panel prices by 40 percent in 2009 and pushed U.S. competitors out of the market. China's solar shipments to Europe grew eightfold from 2006 to 2009, the USW complaint says, faster than the rise in overall European demand.

The USW also accuses Beijing of direct violations of China's agreement with the WTO. According to the steelworkers' complaint, Sinosure, China's official export credit insurance agency, provided $1.25 billion in insurance for photovoltaic exports from China, covering nearly half of all Chinese exports of the product. The USW claims Sinosure ran a cumulative loss of 1.4 billion yuan ($212 million) between 2002 and 2008. Those losses, a USW lawyer claims, indicate the subsidy was a violation of trade rules. Chinese companies reject the idea they are helped more than their western rivals.

Western companies also argue that Beijing's subsidy regime discourages the use of solar panels in China. Unlike Germany, China refuses to introduce tariff incentives that would drive domestic demand for solar energy. Even with its dominant share of solar cell and panel production, and even as the country scrambles to generate more power, analysts estimate China installed less than 500 MW of solar power inside its own borders in 2010.

With no incentive to sell at home, it's no wonder that Chinese companies prefer to export their hardware. Some of China's leading exporters shunned a Chinese government tender for solar projects in the third quarter, saying they could not earn a profit.

"The (Chinese) government does not want to be purchasing or installing PV at the current prices. It wants to use the Western market to create volume to drive down the cost and, when the cost is lower, then China will start buying," says Michael Eckhart, president of the trade group American Council on Renewable Energy.

SUNTECH RISING

The result, western companies complain, is that they suffer while the Chinese prosper. Just up the road from Finow airport's solar park, Conergy, once Europe's largest solar player, was rescued from insolvency by hedge funds in late December, as it struggled to service a mounting debt pile. In the United States, many small solar companies have gone bust; earlier this month, publicly listed Evergreen Solar Inc said it would shut its plant in Massachusetts and concentrate on manufacturing in Wuhan, China -- where it is the minority partner in a factory sponsored by the provincial Hubei government.

TO BE CONTINUED

Goldman perceptions shape Facebook reality

RICHARD BEALES

Perceptions about Goldman Sachs have shaped the reality of its Facebook fundraising. The Wall Street firm is now excluding US investors from buying into the social network after media scrutiny made a private placement seem too public. Facebook invites attention -- but Goldman does too these days. For all its focus on clients, the firm still has a blind spot about its own public image.

Getting hired by Facebook for a $1.5 billion private placement was a coup for Goldman. But in hindsight, bankers took a chance on their ability to keep a lid on things. With Facebook easily the hottest Internet property and carrying a putative valuation of $50 billion, it was always likely that reporters would unearth details. And that danger was surely multiplied by the association with Goldman.

The firm used to be the investment banker's investment bank -- highly influential, but operating mostly under the radar. That started to change at the time of its IPO a little more than a decade ago, and attention rocketed during the financial crisis as Goldman and its alumni faced negative headlines and often failed to explain themselves successfully. That spawned conspiracy theories, mostly far-fetched. But the firm has become a regular media target.

Goldman would have been on safe ground with Facebook had there been no leaks and even, probably, if the placement documents had reached the public domain in full. As it was, bitty and inaccurate revelations meant some potential investors might not be getting a full picture -- and under US private placement rules, Goldman couldn't pipe up to clarify. The decision not to sell the deal to US investors was probably the right response.

This doesn't mean Facebook made a mistake by hiring Goldman. It looks as if Mark Zuckerberg's company will easily get all the investment dollars it wanted. But the episode suggests companies considering hiring Goldman -- especially those hoping to do deals that break new ground or test existing rules -- may need to weigh the firm's profile as a potential risk factor. Goldman, meanwhile, needs to realise it's no longer toiling away in the background. Recognising that may help it one day regain a measure of obscurity.

Goldman Sachs, which was planning a $1.5 billion private placement of Facebook interests to US and offshore investors, will now only proceed with the offer to investors outside the United States.

"The transaction generated intense media attention," Goldman said in a statement.

The firm said it regretted the consequences of the decision, but that it believed it to be the most prudent path to take.

The author is a Reuters Breakingviews columnist. The opinions expressed are his own